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2 United States Attorney

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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

11 UNITED STATES OF AMERICA,

12 Plaintiff,

13 v.

14 YONG HO KO,  
15 a/k/a James Ko,  
16 YONG UK KO,  
17 a/k/a Paul Ko, and  
18 JUNG AH CHOI,  
19 a/k/a Joanne Choi,

20 Defendants.

CR No. 01 20060 JA

VIOLATIONS: 18 U.S.C. § 371 –  
Conspiracy; 26 U.S.C. § 7206(1) – False  
Tax Return; 31 U.S.C. § 5324(a)(3) and  
(c)(2) – Structuring

SAN JOSE VENUE

21 INDICTMENT

22 The Grand Jury charges:

23 COUNT ONE: (18 U.S.C. § 371 – Conspiracy)

24 1. On or about and between March 2, 1994 and April 1, 1999, both dates being  
25 approximate and inclusive, in the Northern District of California, and elsewhere, the  
26 defendants

26 YONG HO KO,  
27 a/k/a James Ko,  
28 YONG UK KO,  
a/k/a Paul Ko, and  
JUNG AH CHOI,  
a/k/a Joanne Choi,

INDICTMENT

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1 and others, did unlawfully, willfully, and knowingly combine, conspire, confederate and  
2 agree to defraud the United States by attempting to impede and impair the due  
3 administration of the Internal Revenue Service of the United States in the ascertainment,  
4 computation, assessment, and collection of federal income taxes, through deceit, craft,  
5 trickery, and dishonest means.

#### 6 DEFINITIONS AND PARTIES

7 2. The Internal Revenue Service ("IRS") is an agency of the United States  
8 within the Department of Treasury of the United States.

9 3. The Internal Revenue Code, which is codified at Title 26 of the United  
10 States Code, contains, among other things, the statutes and laws of the United States  
11 concerning the determination of tax liability. "Income tax" refers to the tax due the  
12 United States for personal or business income under the Internal Revenue Code.

13 4. Federal law requires banks and other financial institutions to file reports  
14 called Currency Transaction Reports ("CTRs") with the Secretary of the Treasury  
15 whenever they are involved in a cash transaction that exceeds \$10,000. (CTRs are not  
16 filed when checks are deposited into a bank account.) CTRs are used by the IRS and law  
17 enforcement agencies to detect and investigate possible criminal, tax, and/or regulatory  
18 violations. It is illegal to "structure" transactions – that is, to break up a single  
19 transaction above the reporting threshold into two or more separate transactions – for the  
20 purpose of evading a financial institution's reporting requirement.

21 5. At all times relevant to this conspiracy:

22 a. Yong Ho Ko, a/k/a James Ko, was the sole owner of Twin  
23 Technology, Inc., a California corporation ("Twin Technology"). Twin Technology was  
24 in the business of assembling printed circuit boards for computer manufacturers.

25 b. Yong Uk Ko, a/k/a Paul Ko, the older brother of Yong Ho Ko, was  
26 the Vice-President of Twin Technology.

27 c. Jungah Choi, a/k/a Joanne Choi, was employed by Twin Technology  
28 as a sales representative.

d. National Smelting and Refining Co., Inc. ("NSR"), was in the business of recycling and refining electronics scrap materials.

### MANNER AND MEANS OF THE CONSPIRACY

6. **The Scheme.** During the 1994 and 1995 calendar years, Yong Ho Ko, Yong Uk Ko, and Jungah Choi derived additional personal income by selling DRAM chips to NSR. Between March 2, 1994, and November 17, 1995, NSR issued checks to Yong Ho Ko and Jungah Choi for a combined total of approximately \$1,488,788.99 in payment for DRAM chips. At Yong Ho Ko's and Jungah Choi's request, every check from NSR to either Yong Ho Ko or Jungah Choi was for an amount less than \$10,000. Yong Ho Ko and Jungah Choi made this request of NSR in order to avoid having the financial institutions report the sums that they received to the Internal Revenue Service. After receiving the checks, both Yong Ho Ko and Jungah Choi cashed or deposited the checks on different days so that the banks would not file CTRs.

7. **Unreported Income by Yong Ho Ko for 1994.** In calendar year 1994, Yong Ho Ko received a total of \$792,161.64 in checks from NSR. He did not report any of this income on his tax return. Instead, he reported only the following income for the year: \$155,410 in wages from Twin Technology for himself and his wife; \$559 in interest; \$521 from a California State tax refund; and \$1,600 in gambling winnings, for a total reported income of \$158,090.

8. **Unreported Income by Jungah Choi for 1994.** In calendar year 1994, Jungah Choi received a total of \$150,223.65 in checks from NSR. She did not report any of this income on her tax return. Instead, she reported only the following income for the year: \$61,811 in wages for herself and her husband; \$172 in interest income; and \$8,063 in net commissions, for a total reported income of \$70,046.

9. **Unreported Income by Yong Uk Ko for 1994.** In calendar year 1994, Yong Uk Ko received \$62,159.50 from his brother, Yong Ho Ko, from the money that Yong Ho Ko had received from NSR. Yong Uk Ko failed to report this income on his tax return. Instead, he reported only the following income for the year: \$141,404.95 in wages

1 for himself and his wife; \$43.93 in interest income; and a California State income tax  
2 refund of \$231.55, for a total reported income of \$141,680.43.

3 10. **Unreported Income by Yong Ho Ko for 1995.** In calendar year 1995, ,  
4 Yong Ho Ko received approximately \$456,979.75 in checks from NSR. He did not report  
5 this income on his 1995 tax return. Instead, he reported only the following income:  
6 \$329,618 in combined salary from Twin Technology for himself and his wife; \$11,349 in  
7 interest income; and a \$219 California State tax refund, for a total reported income of  
8 \$341,186.

9 11. **Unreported Income by Jungah Choi for 1995.** In calendar year 1995,  
10 Jungah Choi received \$89,423.95 in checks from NSR. She did not report this income on  
11 her 1995 tax return. Instead, she reported only the following income: \$80,956 in salary  
12 for herself and her husband; and \$324 in interest, for a total reported income of \$81,280.

13 12. **Total Unreported Income and Loss to the Government.** The combined  
14 unreported income for Yong Ho Ko for 1994 and 1995 was \$1,186,981.89. The total tax  
15 loss to the United States based upon this amount of unreported income was \$484,308.73.  
16 For Jungah Choi, the combined total of unreported income for 1994 and 1995 was  
17 \$239,647.60. The tax loss based upon this amount of unreported income was \$85,928.30.  
18 For Yong Uk Ko, whose conduct was limited to calendar year 1994, the unreported  
19 income was \$62,159.50; the tax loss to the government was \$22,411.62.

20 13. **Amended Corporate Tax Return Filed in 1999.** On March 30, 1999,  
21 while the investigation against him was pending, Yong Ho Ko signed and caused to be  
22 filed an Amended U.S. Corporation Income Tax Return (Form 1120X) for Twin  
23 Technology, Inc., for the 1994 tax year. In that amended return, Twin Technology  
24 reported an additional \$495,000 in income from the sale of scrap parts, even though Twin  
25 Technology has never been in the business of selling scrap parts. Moreover, the \$495,000  
26 belatedly reported was substantially less than the combined \$792,161.64 that Yong Ho Ko  
27 and Yong Uk Ko actually received from NSR in 1994. Yong Ho Ko filed this amended  
28 return in order to shift responsibility for the tax violations away from himself and his

1 brother as individual taxpayers and place it instead onto the corporation, Twin  
2 Technology, Inc.

3 OVERT ACTS

4 14. During the course of the conspiracy, and in order to further the objects of  
5 thereof, the defendants and their co-conspirators knowingly committed the following  
6 overt acts, in the Northern District of California and elsewhere:

7 a. On March 2, 1994, NSR issued seven checks totaling \$31,824.40 to  
8 Yong Ho Ko. None of the checks was for an amount greater than \$5,000.00. On and  
9 between the dates of March 3 and March 18, 1994, on separate dates, Yong Ho Ko cashed  
10 five and deposited two of the checks paid to him by NSR on March 2, 1994.

11 b. On April 26, 1994, NSR issued eight checks totaling \$62,845.00 to  
12 Yong Ho Ko. Seven of the checks were for \$8,000 each, and one was for \$6,845.00. On  
13 and between the dates of April 26 and May 10, 1994, on separate dates, Yong Ho Ko  
14 cashed seven and deposited one of the checks paid to him by NSR on April 26, 1994.

15 c. On May 5, 1994, NSR issued seven checks totaling \$52,460.00 to  
16 Yong Ho Ko. Six of the checks were for \$8,000 each, and one was for \$4,460.00. On  
17 and between the dates of May 11 and June 15, 1994, on separate dates, Yong Ho Ko  
18 cashed two and deposited five of the checks paid to him by NSR on May 5, 1994.

19 d. On May 20, 1994, NSR issued seven checks totaling \$54,580.00 to  
20 Yong Ho Ko. Six of the checks were for \$8,000 each, and one was for \$6,580.00. On  
21 and between the dates of May 20 and June 16, 1994, on separate dates, Yong Ho Ko  
22 cashed six and deposited one of the checks paid to him by NSR on May 20, 1994.

23 e. On July 7, 1994, NSR issued four checks totaling \$25,900.00 to  
24 Jungah Choi. Three of the checks were for \$8,000 each, and one was for \$1,900. On and  
25 between the dates of July 14 and August 2, 1994, on separate dates, Jungah Choi cashed  
26 one and deposited three of the checks paid to her by NSR on July 7, 1994.

27 f. On July 8, 1994, NSR issued five checks totaling \$32,906.25 to  
28 Jungah Choi. Four of the checks were for \$8,000 each, and one was for \$906.25. On and

INDICTMENT

1 between the dates of July 14 and September 7, 1994, on separate dates, Jungah Choi  
2 cashed one and deposited four of the checks paid to her by NSR on July 8, 1994.

3 g. On August 16, 1994, NSR issued nine checks totaling \$64,120.00 to  
4 Yong Ho Ko. Seven of the checks were for \$8,000 each, one was for \$1,490, and one  
5 was for \$6,630. On and between the dates of August 17 and October 11, 1994, on  
6 separate dates, Yong Ho Ko cashed each of the checks paid to him by NSR on August 16,  
7 1994.

8 h. On October 10, 1994, NSR issued eight checks totaling \$26,402.40  
9 to Jungah Choi. Two of the checks were for \$5,000 each, five were for \$3,000, and one  
10 was for \$1,402.40. On and between the dates of October 11 and December 5, 1994, on  
11 separate dates, Jungah Choi cashed three and deposited five of the checks paid to her by  
12 NSR on October 10, 1994.

13 i. On November 28, 1994, NSR issued eight checks totaling  
14 \$55,257.50 to Yong Ho Ko. Six of the checks were for \$8,000 each, one was for \$6,505,  
15 and one was for \$752.50. On and between the dates of November 29, 1994, and February  
16 7, 1995, on separate dates, Yong Ho Ko cashed seven and deposited one of the checks  
17 paid to him by NSR on November 28, 1994.

18 j. On January 18, 1995, NSR issued seven checks totaling \$53,125.00  
19 to Yong Ho Ko. Six of the checks were for \$8,000 each, and one was for \$5,125. On and  
20 between the dates of January 19 and March 14, 1995, on separate dates, Yong Ho Ko  
21 cashed each of the checks paid to him by NSR on January 18, 1995.

22 k. On March 22, 1995, Yong Ho Ko signed a U.S. Individual Income  
23 Tax Return (Form 1040) in which he failed to report any portion of the \$792,161.64 that  
24 he had received from NSR during the 1994 calendar year. As a result of his failure to  
25 report this income, Yong Ho Ko underpaid his personal income tax for 1994 by  
26 approximately \$297,435.53.

27 l. On April 13, 1995, Jungah Choi signed a U.S. Individual Income  
28 Tax Return (Form 1040) in which she failed to report any portion of the \$150,223.65 that

1 she had received from NSR during the 1994 calendar year. As a result of her failure to  
2 include this income, Jungah Choi underpaid her personal income tax for 1994 by  
3 approximately \$48,361.75.

4 m. On March 29, 1995, Yong Uk Ko signed a U.S. Individual Income  
5 Tax Return (Form 1040) in which he failed to report any portion of the \$62,159.50 in  
6 NSR proceeds that he had received from his brother, Yong Ho Ko, during the 1994  
7 calendar year. As a result of his failure to report this income, Yong Uk Ko underpaid his  
8 personal income tax for 1994 by approximately \$22,411.62.

9 n. On September 26, 1995, NSR issued five checks totaling \$29,275.20  
10 to Jungah Choi. Three of the checks were for \$8,000 each, one was for \$642, and one  
11 was for \$4,633.20. On and between the dates of October 20, 1995, and January 16, 1996,  
12 on separate dates, Jungah Choi cashed one and deposited four of the checks paid to her by  
13 NSR on September 26, 1995.

14 o. On September 28, 1995, NSR issued seven checks totaling  
15 \$51,930.00 to Yong Ho Ko. Six of the checks were for \$8,000 each, and one was for  
16 \$3,930. On and between the dates of October 5 and December 1, 1995, on separate dates,  
17 Yong Ho Ko cashed five and deposited two of the checks paid to him by NSR on  
18 September 28, 1995.

19 p. On April 9, 1996, Yong Ho Ko signed a U.S. Individual Income Tax  
20 Return (Form 1040) in which he failed to report any portion of the \$456,979.75 that he  
21 had received from NSR during the 1995 calendar year. As a result of his failure to report  
22 this income, Yong Ho Ko underpaid his personal income tax for 1995 by approximately  
23 \$186,873.20.

24 q. On June 10, 1996, Jungah Choi signed a U.S. Individual Income Tax  
25 Return (Form 1040) in which she failed to report any portion of the \$89,423.95 that she  
26 had received from NSR during the 1995 calendar year. As a result of her failure to report  
27 this income, Jungah Choi underpaid her personal income tax for 1995 by approximately  
28 \$30,061.17.

1           r.       On March 30, 1999, Yong Ho Ko signed an Amended U.S.  
2 Corporation Income Tax Return (Form 1120X) for 1994 in which Twin Technology, Inc.,  
3 reported an additional \$495,000 in income for the sale of scrap parts for that year.

4           All in violation of Title 18, United States Code, Section 371.

5           COUNT TWO: (26 U.S.C. § 7206(1) – False Tax Return)

6           On or about March 22, 1995, in the Northern District of California, the defendant

7                           YONG HO KO,  
8                           a/k/a James Ko,

9       did willfully make and subscribe a U.S. Individual Income Tax Return (Form 1040) for  
10      the calendar year 1994, which was filed with the Internal Revenue Service and was  
11      verified by the defendant in a written declaration that it was made under the penalties of  
12      perjury, which income tax return the defendant did not believe to be true and correct as to  
13      every material matter in that he willfully omitted from that return income in excess of  
14      \$730,000;

15           In violation of Title 26, United States Code, Section 7206(1).

16           COUNT THREE: (26 U.S.C. § 7206(1) – False Tax Return)

17           On or about April 9, 1996, in the Northern District of California, the defendant

18                           YONG HO KO,  
19                           a/k/a James Ko,

20      did willfully make and subscribe a U.S. Individual Income Tax Return (Form 1040) for  
21      the calendar year 1995, which was filed with the Internal Revenue Service and was  
22      verified by the defendant in a written declaration that it was made under the penalties of  
23      perjury, which income tax return the defendant did not believe to be true and correct as to  
24      every material matter in that he willfully omitted from that return income in excess of  
25      \$450,000;

26           In violation of Title 26, United States Code, Section 7206(1).

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1 COUNT FOUR: (26 U.S.C. § 7206(1) – False Tax Return)

2 On or about April 13, 1995, in the Northern District of California, the defendant

3 JUNGAH CHOI,  
4 a/k/a Joanne Choi,

5 did willfully make and subscribe a U.S. Individual Income Tax Return (Form 1040) for  
6 the calendar year 1994, which was filed with the Internal Revenue Service and was  
7 verified by the defendant in a written declaration that it was made under the penalties of  
8 perjury, which income tax return the defendant did not believe to be true and correct as to  
9 every material matter in that she willfully omitted from that return income in excess of  
10 \$150,000;

11 In violation of Title 26, United States Code, Section 7206(1).

12 COUNT FIVE: (26 U.S.C. § 7206(1) – False Tax Return)

13 On or about June 10, 1996, in the Northern District of California, the defendant

14 JUNGAH CHOI,  
15 a/k/a Joanne Choi,

16 did willfully make and subscribe a U.S. Individual Income Tax Return (Form 1040) for  
17 the calendar year 1995, which was filed with the Internal Revenue Service and was  
18 verified by the defendant in a written declaration that it was made under the penalties of  
19 perjury, which income tax return the defendant did not believe to be true and correct as to  
20 every material matter in that she willfully omitted from that return income in excess of  
21 \$85,000;

22 In violation of Title 26, United States Code, Section 7206(1).

23 COUNT SIX: (26 U.S.C. § 7206(1) – False Tax Return)

24 On or about March 29, 1995, in the Northern District of California, the defendant

25 YONG UK KO,  
26 a/k/a Paul Ko,

27 did willfully make and subscribe a U.S. Individual Income Tax Return (Form 1040) for  
28 the calendar year 1994, which was filed with the Internal Revenue Service and was

verified by the defendant in a written declaration that it was made under the penalties of perjury, which income tax return the defendant did not believe to be true and correct as to every material matter in that he willfully omitted from that return income in excess of \$60,000;

In violation of Title 26, United States Code, Section 7206(1).

**COUNTS SEVEN THROUGH SEVENTEEN**

(31 U.S.C. § 5324(a)(3) & (c)(2) – Structuring Transactions)

The Grand Jury further charges that:

1. The allegations set forth in the Paragraphs 1 through 10 of Count One are hereby realleged and incorporated herein as if set forth in full.

2. On or about the dates set forth below, in the Northern District of California, defendant

*PRB*  
YONG HO KO,  
a/k/a James Ko,

did knowingly and willfully and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and the regulations promulgated thereunder, structure the following transactions at the Bank of Santa Clara, a domestic financial institution, and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, by cashing the following checks he received from NSR:

Count	Check Number/Amount	Date Received	Date Cashed
7	26937 \$8,000.00	10-11-94	10-12-94
	26939 8,000.00	10-11-94	10-14-94
	26940 8,000.00	10-11-94	10-13-94
8	26974 \$8,000.00	10-19-94	10-24-94
	26975 8,000.00	10-19-94	10-27-94
	26976 8,000.00	10-19-94	10-28-94
	26978 8,000.00	10-19-94	11-07-94
	26979 8,000.00	10-19-94	11-03-94
	26980 6,977.00	10-19-94	11-21-94
	26981 8,000.00	10-19-94	11-10-94

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9	27127	\$8,000.00	11-28-94	11-29-94
	27128	8,000.00	11-28-94	11-30-94
	27129	8,000.00	11-28-94	12-01-94
	27130	8,000.00	11-28-94	12-05-94
	27131	8,000.00	11-28-94	12-07-94
	27133	6,505.00	11-28-94	12-12-94
	27134	752.50	11-28-94	01-04-95
10	27232	\$8,000.00	12-19-94	12-23-94
	27233	8,000.00	12-19-94	12-22-94
	27234	8,000.00	12-19-94	12-29-94
	27235	311.00	12-19-94	01-04-95
	27236	528.50	12-19-94	01-04-95
11	27356	\$8,000.00	01-18-95	01-19-95
	27357	8,000.00	01-18-95	03-14-95
	27358	8,000.00	01-18-95	02-09-95
	27359	8,000.00	01-18-95	01-23-95
	27360	8,000.00	01-18-95	01-29-95
	27361	8,000.00	01-18-95	02-02-95
	27362	5,125.00	01-18-95	02-08-95
12	27530	\$8,000.00	02-13-95	02-21-95
	27531	8,000.00	02-13-95	03-07-95
	27532	8,000.00	02-13-95	03-01-95
	27533	8,000.00	02-13-95	03-13-95
	27534	3,247.50	02-13-95	03-21-95
13	27874	\$8,000.00	04-28-95	06-15-95
	27875	8,000.00	04-28-95	05-02-95
	27876	6,440.00	04-28-95	06-29-95
14	27980	\$8,000.00	05-22-95	05-26-95
	27981	8,000.00	05-22-95	06-22-95
	27982	4,970.00	05-22-95	06-05-95
15	28247	\$8,000.00	07-17-95	07-20-95
	28248	8,000.00	07-17-95	08-24-95
	28249	8,000.00	07-17-95	08-10-95
	28250	8,000.00	07-17-95	08-03-95
	28252	8,000.00	07-17-95	08-17-95
16	28595	\$8,000.00	09-28-95	10-05-95
	28596	8,000.00	09-28-95	11-21-95
	28598	8,000.00	09-28-95	10-19-95
	28599	8,000.00	09-28-95	11-09-95
	28600	3,930.00	09-28-95	11-15-95
17	28773	\$8,000.00	11-07-95	12-23-95
	28777	8,000.00	11-07-95	11-30-95
	28779	4,991.50	11-07-95	12-15-95

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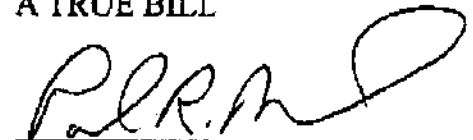
INDICTMENT

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All in violation of Title 31, United States Code, Sections 5324(a)(3) and (c)(2).

DATED: 4/11/01

A TRUE BILL

  
FOREPERSON

ROBERT S. MUELLER, III  
United States Attorney

  
ELIZABETH A. DELAVEGA  
Chief, San Jose Branch

(Approved as to form: )  
AUSA Callaway